(a) whether it is a fact that Initial Public Offerings (IPOs) are being over-priced in collusion with merchant bankers, causing losses to gullible small investors;

(b) whether IPO of Reliance Power Ltd. (RPL) was rigged by promoters and merchant bankers which was listed 17% below the issue price on 11th February 2008;

(c) if so, whether Government would probe the nexus between promoters, merchant bankers and officers of Securities and Exchange Board of India (SEBI) through Central Bureau of Investigation (CBI); and

(d) if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) The SEBI (Disclosures and Investor Protection) Guidelines, 2000 permit an unlisted company eligible to make an IPO to price its equity shares or any securities convertible at a later date into equity shares subject to certain disclosures. The company is required to indicate the basis for issue price in the prospectus with the help of relevant qualitative and quantitative factors. Further, the IPO to be successful, must have certain minimum subscriptions from qualified institutional investors who are capable of taking informed investment decisions. An analysis of IPOs listed during the last year indicates that 18 out of 94 IPOs opened at NSE at a discount to the issue price on the day of listing.

(b) No evidence of rigging by promoters or merchant bankers has come to the notice of the Government.

(c) and (d) In view of the pricing regime in vogue as stated in reply to Part (a) above, SEBI is not investigating the alleged nexus in the matter.

Share margin requirement system

*19. SHRI RAJKUMAR DHOOT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Securities and Exchange Board of India (SEBI) has decided to review and relook at share margin requirement system;

(b) if so, the details thereof and the reasons therefor; and

(c) the outcome of the review?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) No, Sir. SEBI has informed that it is not considering a review or relook at share margin requirement system, as the risk management system was found to be robust during the recent period of volatility.

(c) Does not arise.

Anti-inflationary measures

*20. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the inflation rate in the country hit a six month high of 4.11 per cent for the week ended January 26, 2008;

(b) if so, whether any measures are being taken to contain inflation and make available essential commodities, cereals, oil etc. at reasonable prices to the common man;

(c) if so, the details thereof; and

(d) if not, the reasons therefor?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (d) Yes, Sir. The inflation rate based on Wholesale Price Index was 4.11 per cent on January 26, 2008. Government has given very high priority to checking inflation. Anti-inflationary measures taken by Government are the following:

Selective reduction in import duties of supply-constrained items

- Private trade has been allowed to import wheat at Zero duty.
- Reduction of customs duty on import of pulses to zero in June 8, 2006, which has been extended to 31.3.2009.
- Reduction in import duty on edible oils, and removal of additional countervailing duty of 4 per cent on all edible oils. Tariff value for palm group of oils and soyabean have remained unchanged since July, 2006 and September, 2006 respectively.

Measures for augmenting domestic availability

- Import of wheat to supplement domestic availability by Public Sector Undertakings.
- Central Issue Price for wheat and rice has been kept unchanged from July 2002.
- Under the TPDS: wheat, rice, sugar and kerosene oils are allocated to State Governments for distribution through the Fair Price Shops.
- Ban on export of non-basmati rice below the Minimum Export Price of US$ 500 per tonne.
- Import of pulses through National Agricultural Co-operative Marketing Federation of India Ltd. (NAFED) and other public sector undertakings like STC and PEC.
- National Food Security Mission has been launched from 2007-08 to increase production of rice, wheat and pulses by 10 million tonnes, 8 million tonnes and 2 million tonnes respectively during the Eleventh Plan.

Administrative measures for containing inflation

- Suspension of futures trading in tur, urad, wheat and rice.
- Extension up to February 29, 2008, the order enabling States to prescribe stock limits, etc., for wheat and pulses under the Essential Commodities Act.
- Constitution of an Expert Committee to look into all the issues relating to futures trading.
- Strengthening the monitoring mechanism of the public distribution system.

Monetary Policy Measures taken for containing Inflation

- Increasing the cash reserve ratio on many occasions from December 2006 to make it 7.5 by November 10, 2007.
- Several upward revisions in repo rates in 2006-07 to make it 7.75 per cent by March 31, 2007.
- Other measures including limiting the scope of Liquidity Adjustment Facility and issuing dated securities under the Market Stabilisation Scheme (MSS).